

## LAND DEVELOPMENT CODE CHALLENGES TO **AFFORDABLE HOUSING**

### **PROBLEM/ISSUE: THE DENSITY CAP**

One of the most significant challenges to providing affordable housing in Austin is land cost. Each affordable dwelling unit (DU) must bear a portion of the cost of the land upon which an affordable housing development is built. If a developer is able to deliver more units on a given piece of property, the cost per DU goes down; and conversely, fewer units means the land cost per DU goes up. The math is simple....allowing more units to be built on a given piece of land reduces the cost of building homes. Increasing density increases affordability.

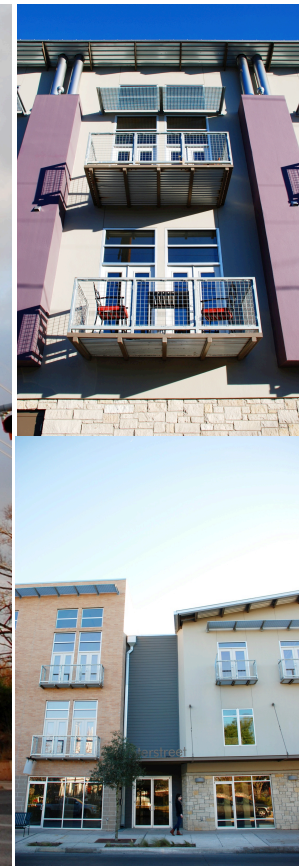
The Land Development Code has outdated *density limitations for dwelling units* as defined in sections 25-2-563 & 25-2-647 of the LDC. This limitation, what some have termed the “**Density Cap**”, limits the number of DU’s on MF-4, MF-5 & MU zoned land. As currently codified, the “Density Cap” hamstring developers of affordable housing from maximizing the potential DU yield of a particular site by as much as 50% in some cases.

### **PROPOSED APPROACH: LIMIT UNITS SOLEY BY CONTEXT APPROPRIATE BUILDING ENVELOPE MASSING**

Use a form base code to establish building envelopes that are calibrated to reinforce neighborhood context scale and fabric. The number of units should only be limited by amount of units that fit within a specific site’s envelope. Like the building envelope, parking minimums per unit should be calibrated to the specific available transportation mode context. For example: TOD’s should not have a parking minimum/unit. Suburban contexts that are not served by mass transit should require 1-1.5 parking spaces/unit.

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## CASE STUDY: **WATERSTREET LOFTS 1601 E. CESAR CHAVEZ**



### **Maximize Real Estate Investment over 22 LEGAL units vs. Deliver 60 ILLEGAL Affordable Housing Units**

Anyone who purchases an expensive piece of commercial real estate wants to be confident they are mining the full potential of their site. The Developer of Waterstreet Lofts was no different. When confronted with the Density Cap for his mix-use project, the developer felt compelled to max out his "for sale" square footage regardless of unit count. The Density Cap only allowed 22 residential units. Using as much of his allowable FAR Square footage on commercial retail space, the Developer found the remaining allowable square footage area was more than needed for the 22 units allowable by the Density Cap. Rather than make units sized for market demand and leave "for sale" buildable square footage on the table, the developer chose to create oversized units that were too expensive for buyers of modest means to purchase and too big to sell.